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SUBJECT: GOVERNMENT REINS IN SQUATTERS

Summary

¶1. (SBU) The Omani government has taken action in recent weeks to remove illegal squatter farms that local tribes had built up over the past year in a remote semi-desert area in the southern Dhofar region. The steps were spurred by concerns over illicit water usage and the government's efforts to better control the fodder crop industry, as well as unsubstantiated rumors of possible Saudi involvement. The episode illustrates the pressures to spread Oman's growing economic wealth to its furthest corners. End summary.

A Grim Reaper

¶2. (SBU) Minister of Agriculture Shaykh Salim al-Khalili confirmed in press remarks in early January reports that had been circulating for several weeks that the Omani government was shutting down squatter farms in the southern Dhofar region that had sprouted over the past year. The squatter movement had begun in the semi-desert region around Thumrait with hundreds of local residents, primarily from the Bait Kathir tribal confederation, establishing fenced tracts ranging in size from 200-1000 square meters each. The farmers were lured by the lucrative market for fodder crops driven by the Dhofar-centered cattle industry. Viewing the area as their ancestral lands, the local tribes were further attracted by the government's efforts to bring electricity to the region, and by previous calls by Sultan Qaboos to better utilize the barren land around Thumrait.

Controlling Water Usage...

¶3. (SBU) Hoping the government would ultimately legitimize their land grabs, Dhofaris took loans and made sizable personal investments on farm machinery and infrastructure to establish their farms, and invested considerable labor in raising crops. The farmers also dug unlicensed wells and drew heavily on the region's limited water resources.

...Fodder Crops...

¶4. (SBU) While cracking down on illegal land seizures and water usage would be motivation enough for swift action, the government was further motivated by its take over of a

separate (and rival) fodder project in the more distant Nejd desert region along the Saudi frontier. The Ministry of Agriculture is urging farmers in the northern Batinah region (the coastal agricultural heartland of Oman northwest of Muscat) and elsewhere to cease planting fodder crops, given their huge drain on diminishing water resources in those areas, preferring that the Nejd Fodder Crops firm alone focus on that sector. A Ministry official told EconOff February 20 that the Ministry has enacted a two- to five-year timetable for farmers to draw down their fodder crop production. It also has banned the export of fodder crops, while allowing industry to import fodder duty-free.

...And Possible Saudi Involvement

¶5. (SBU) Another factor behind the government's actions, according to sources in Dhofar, is that local Mahri tribesmen informed the Minister of Agriculture and Deputy Governor of Dhofar that the squatters were selling their land plots to Saudi speculators. A Dhofari member of the Majlis al-Shura (elected Consultative Council) reportedly gave his personal assurance to Deputy Prime Minister Sayyid Fahd al-Said that this report was false after it had been brought to the attention of the Council of Ministers.

The Regional Divide

¶6. (SBU) Public reactions to the government's removal of squatter farms were predictably mixed along geographical lines. About 70 percent of the 60-plus messages posted on a popular Internet message board praised the government's

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actions and even advocated punishing the farmers. (A titillating issue, over 6800 visits were made to this topic on the message board.) Many accused the Dhofaris of seizing the land and then turning it over to be worked by foreign laborers from whom they charged rent (in much the same way some northern Omanis run their small businesses).

¶7. (SBU) The 30 percent defending the squatters (most of them claiming to be from that area) said it was locals and not foreigners who were making the formerly barren land economically productive. Reflective of the traditional rivalry between Dhofar and northern Oman (played out violently in the 1960's and 70's Dhofar Rebellion), some of the locals pointedly asked why only northern Omanis were named to the board of the government's closed Nejd Fodder Crops company at a time when locals were being driven off "their" farms. Meanwhile, approximately 45 Dhofari tribal shaykhs convened on January 14 to consider their options should the government persist in frustrating their efforts to take part in the government's new fodder crop company. After an official in DPM Sayyid Fahd's office had reportedly told the shaykhs the matter was being referred to the Sultan, the shaykhs have now resolved to wait to take the matter up in person with the Sultan during his current tour in Dhofar.

Comment

¶5. (SBU) While Dhofar is hardly a simmering hotbed, and plenty of locals knew full well that squatter farming was at best a highly speculative venture, some lingering regionalism is still felt down south and in other communities believing themselves left out of Oman's current economic expansion. Despite the huge success of the growing transshipment port in Salalah, for instance, Dhofaris resent what they believe is a lack of progress (blamed on Muscat) in establishing the Salalah Free Trade Zone and its promised job-intensive industrial park. (Although not yet announced, we have heard

from an authoritative source that a major plastics manufacturing plant backed by Saudi and U.S. investors is slated for the SFTZ.) Nevertheless, massive government investments for the northern industrial port of Sohar, and in major new tourism projects around Muscat, are enviously regarded everywhere else in Oman. With a large government surplus and 6 percent growth rate in 2005, the Omani government is likely to face increasing expectations to more fairly share the wealth, particularly in Dhofar.

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